

Message Text

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SUBJ: MONTHLY BUSINESS REPORT: JUNE

REFS: (A) PEKING1205; (B) PEKING 1196; (C) PEKING 1286;

(D) PEKING 1253

1. SUMMARY. AMERICAN SELLERS OF EQUIPMENT AND MACHINERY LED THE CONTINUING INFLUX OF US BUSINESSMEN DURING JUNE. LARGE SALES WERE RECORDED OF A POWER RECOVERY SYSTEM FOR THE SHANGHAI PETROCHEMICAL PLANT AND OF A MACHIN TOOL FOR USE IN THE AIRCRAFT INDUSTRY. SALES OF PLATINUM AND ELECTRICAL MEASURING EQUIPMENT WERE ALSO MADE. SERIOUS NEGOTIATIONS ARE UNDERWAY FOR PIPELINE BENDING AND WELDING EQUIPMENT, DRILLING RIGS, BULLDOZERS, AND UREA. END SUMMARY.

2. A STEADY STREAM OF U.S. BUSINESSMEN VISITED THE PRC IN JUNE, CONTINUING THE UPWARD TREND OF RECENT MONTHS. EXPORTERS WERE IN PARTICULAR PROMINENCE WITH MOST ENGAGED IN DISCUSSIONS FOR THE SALE OF A WIDE
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VARIETY OF EQUIPMENT AND MACHINERY.

3. INGERSOLL-RAND, REPRESENTED BY TOM FENNEMOR OF THE HONG KONG OFFICE, MADE THE LARGEST SALE DURING JUNE, CONCLUDING A \$3 MILLION CONTRACT FOR A STATE-OF-THE-ART POWER RECOVERY SYSTEM FOR THE SHANGHAI PETROCHEMICAL PLANT. THE INSTALLATION WILL CONVERT

FLUE GAS INTO ENERGY TO BE USED AT THE PLANT.

4. T.E. AARON OF ANOCUT, INC., REPRESENTED BY JAMES CHEN OF WJS, SIGNED A CONTRACT FOR A LARGE MACHINE TOOL DESIGNED FOR USE IN THE AIRCRAFT INDUSTRY (REF A). THE PRC INDICATED PARTICULAR INTEREST IN OBTAINING THE MACHINE AS SOON AS POSSIBLE, BUT ANOCUT REQUIRES ABOUT A YEAR TO BUILD AND DELIVER IT.

TM ED MALMGREN OF CRC-CROSE INTERNATIONAL, HOUSTON, ALSO REPRESENTED BY JAMES CHEN, IS DISCUSSING PIPE-LINE BENDING AND WELDING EQUIPMENT WITH THE MACHINERY CORPORATION. TECHNICAL DISCUSSIONS ARE ALMOST CONCLUDED AND COMMERCIAL NEGOTIATIONS ARE NOW BEGINNING. DISCUSSION HAS FOCUSED ON EQUIPMENT FOR 14-29 INCH PIPE, BUT CHINESE OFFICIALS HAVE GIVEN NO HINT OF WHERE THE EQUIPMENT WILL BE USED.

6. CHEN IS ALSO NEGOTIATING ON BEHALF OF A U.S. COMPANY FOR THE SALE OF UREA FERTILIZER.

7. R.D. STOTTLEMYER AND SEVERAL COLLEAGUES FROM THE NATIONAL SUPPLY COMPANY, A DIVISION OF ARMCO STEEL, TOLD US THAT THEY HAD GOOD DISCUSSIONS WITH THE MACHINERY CORPORATION ON THE SALE OF BOTH ON AND OFF-SHORE DRILLING RIGS (REF B). THEY HOPE TO RETURN TO THE LIMITED OFFICIAL USE

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PRC LATER IN THE SUMMER TO VISIT ONE OF THE ROBIN LOH (SINGAPORE) DRILLING RIGS IN THE POHAI GULF, WHICH USES ARMCO DRILLING EQUIPMENT.

8. E.C. VONCLEMM OF TEKTRONIX, INC., ORGEON, CNCLUDED A CONTRACT FOR THE SALE OF ELECTRICAL MEASURING EQUIPMENT, BUT HE WOLD NOT DISCUSS THE DETAILS OF THE SALE. HE TOLD US, WITHOUT ELABORATING, THAT HE BELIEVES THE PRC IS ATTEMPTING TO INCLUDE COCOM-CONTROLLED ITEMS WITH ITS ORDERS FOR OTHER EQUIPMENT.

9. CATERPILLAR FAR EAST LTD. WAS REPRESENTED BY C. S. CHAN OF SINGAPORE IN DISCUSSIONS CONCERNING THE SALE OF HEAVY BULLDOZERS. TECHNICAL DISCUSSIONS ARE COMPLETE AND NEGOTIATIONS NOW HAVE FOCUSED ON PRICE AND TERMS.

10. CANBERRA INDUSTRIES REPRESENTATIVES TOLD US THAT GAMMA SPECTROSCOPY EQUIPMENT SOLD BY THE COMPANY TO THE PRC HAS RECENTLY ARRIVED. VALUED AT \$100,000, THE INSTRUMENTS WILL BE USED TO MEASURE RADIATION

LEVELS AND OTHER DISCHARGES FROM A NUCLEAR INSTALLATION IN SZECHUAN PROVINCE. THE TECHNICIANS ARE ASSISTING THE PRC WITH THE EQUIPMENT IN PEKING, BUT WILL NOT GO TO SZECHUAN TO SET IT UP.

11. FELIX FREEMAN OF J. ARON AND CO., NEW YORK CITY, TOLD US THAT HE HAD CONCLUDED A SALE OF PLATINUM.

THE COMPANY HAS PREVIOUSLY SOLD PLATINUM AND OTHER PRECIOUS METALS TO CHINA, BUT FREEMAN'S VISIT IS THE FIRST TO CHINA BY A COMPANY OFFICIAL. FREEMAN SAID THAT AFTER HE ARRIVED IN PEKING HE HAD RECEIVED AN INVITATION (UNSOLICITED) FROM THE BANK OF CHINA FOR DISCUSSIONS. HE INTENDED TO PRESENT TO THE BANK A PLAN FOR THE "LEASING" OF CHINESE GOLD, SIMILAR TO LIMITED OFFICIAL USE

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PROGRAMS WORKED OUT WITH OTHER COUNTRIES BY HIS COMPANY. BRIEFLY THE COMPANY WOULD BE GIVEN THE USE OF PRC GOLD FOR A SPECIFIED PERIOD, INTEREST WOULD BE PAID FOR ITS USE, AND AN IDENTICAL AMOUNT OF GOLD WOULD BE RETURNED AT THE END OF THE CONTRACT. (WE WOULD APPRECIATE ANY CLARIFICATION THE DEPARTMENT CAN GIVE US ON THIS PRACTICE, WHICH FREEMAN CLAIMS IS NEW).

12. A COMPANY DELEGATION FROM THE MINE SAFETY APPLIANCES CORP. VISITED PEKING TO HOLD TECHNICAL DISCUSSIONS RELATING TO SAFETY EQUIPMENT FOR USE IN MINING OPERATIONS (REF C). THE DELEGATION WAS ACCOMPANIED BY KEN MORSE OF CHASE PACIFIC TRADING COMPANY. WHILE IN PEKING, MORSE ALSO SIGNED SEVERAL CONTRACTS FOR THE PURCHASE OF PRODUCTS FROM THE LIGHT INDUSTRIAL CORPORATION.

13. A. KAUSCH, FIELD SERVICE ENGINEER OF GLEASON WORKS, ROCHESTER, NEW YORK, WAS IN CHINA TO SERVICE GEAR-MAKING MACHINE TOOLS PREVIOUSLY SOLD BY THE COMPANY. WHILE IN CHINA HE WORKED FOR A WEEK AT THE PEKING GEAR FACTORY AND AT THE AUTOMOTIVE PLANT IN CHANG CH'UN.

14. ARTHUR KEY OF AMPEX ALSO VISITED PEKING FOR SEVERAL DAYS IN CONNECTION WITH THE SERVICING OF AMPEX VIDEO TAPE RECORDERS PREVIOUSLY SOLD TO CHINA.

15. JIM ABRAMS OF ESSOCHEM EASTERN LTD., SINGAPORE, LED A TECHNICAL DELEGATION TO PEKING TO PRESENT A TECHNICAL SEMINAR AT THE CHEMICAL CORPORATION. THE FOCUS WAS ON CHEMICALS USED IN THE PETROLEUM AND LIMITED OFFICIAL USE

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PETROCHEMICALS INDUSTRIES. DISCUSSIONS ON SALES WILL
BE HELD DURING A FUTURE TRIP TO THE PRC.

16. A NATIONAL COUNCIL FOR US-CHINA TRADE PACKAGING
DELEGATION VISITED PEKING, SHANGHAI, TSINGTAO, AND
YENTAI (REF D). THEY PRESENTED TECHNICALSEMINARS ON
BOTTLING, CANNING, AND QUICK-DRYING INKS.

17. THIS MESSAGE CONTAINS COMMERCIALLY SENSITIVE
INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE USG.
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Message Attributes

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